

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-1(b)

In Re:

LTL MANAGEMENT LLC

Case No.: 21-30589
Chapter: 11
Hearing Date: _____
Judge: Michael B. Kaplan

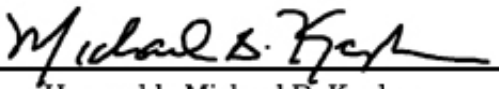


Order Filed on February 24, 2022
by Clerk
U.S. Bankruptcy Court
District of New Jersey

**JOINT STIPULATION AND AGREED ORDER BETWEEN MOVANTS AND
DEBTOR REGARDING THE ADMISSION OF DEPOSITION
DESIGNATIONS AT MOTION TO DISMISS TRIAL**

The relief set forth on the following pages is **ORDERED**.

DATED: February 24, 2022


Honorable Michael B. Kaplan
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
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In re:

LTL MANAGEMENT LLC,

Debtor.

Chapter 11

Case No.: 21-30589 (MBK)

Honorable Michael B. Kaplan

**JOINT STIPULATION AND AGREED ORDER BETWEEN MOVANTS AND
DEBTOR REGARDING THE ADMISSION OF DEPOSITION DESIGNATIONS
AT MOTION TO DISMISS TRIAL**

The relief set forth on the following pages is hereby **ORDERED**.

This stipulation and agreed order (this “Stipulation”) is made on this 18th day of February, 2022 (the “Stipulation Date”) by the Official Committee of Talc Claimants I (the “TCC I”), the Official Committee of Talc Claimants II (the “TCC II”), Aylstock, Witkin, Kreis & Overholtz, PLLC (“AWKO”), and Arnold & Itkin LLP on behalf of certain personal injury tort plaintiffs (collectively, “Movants”), and LTL Management LLC, the debtor and debtor-in-possession (“Debtor”), regarding the evidentiary record for the Motion of the Official Committee of Talc Claimants to Dismiss Debtor’s Chapter 11 Case [Docket No. 632] and Motion to Dismiss Bankruptcy Case filed by Arnold & Itkin LLP on behalf of certain personal injury tort plaintiffs [Docket No. 766] (the “Motions to Dismiss”).

Recitals

WHEREAS, the Preliminary Hearing on the Motions to Dismiss commenced on February 14, 2022 (the “MTD Trial”);

WHEREAS, the Movants have designated certain portions of the following depositions that they wish the Court to consider (“Movants’ Designations”), and the Debtor has counter-designated other portions of these depositions that it wishes the Court to consider (“Debtor’s Counters”):

- Michelle Goodridge (Dec. 20, 2021);
- Robert Wuesthoff (Dec. 22, 2021);
- Thibaut Mongon (Jan. 19, 2022);
- Jose Azevedo (Jan. 24, 2022);
- Richard Dickinson (Jan. 26, 2022);
- Michelle Ryan (Jan. 27, 2022);
- John Kim (Jan. 31, 2022);

- John Kim (30(b)(6)) (Feb. 1, 2022);
- Adam Lisman (Feb. 8, 2022);
- Arthur Wong (Feb. 11, 2022); and
- David Kaplan (Feb. 11, 2022).

WHEREAS, the Debtor has designated certain portions of the following depositions that it wishes the Court to consider (“Debtor’s Designations”), and the Movants have designated other portions of these depositions that they wish the Court to consider (“Movants’ Counters”):

- Michelle Ryan (Jan. 27, 2022);
- Arthur Wong (Feb. 11, 2022); and
- David Kaplan (Feb. 11, 2022).

WHEREAS, a listing of (a) Movants’ Designations, (b) Debtor’s Counters, (c) Debtor’s Designations, and (d) Movants’ Counters (collectively, the “Stipulated Designations”) to which the parties either have no objections or have waived objections, together with agreed-upon confidentiality treatment in accordance with the Agreed Protective Order Governing Confidential Information [Docket No. 948] (the “Protective Order”), is attached hereto as Exhibit A;

WHEREAS, the Parties wish the Court to accept the Designations into evidence, and consider the Designations in connection with deciding the MTD Trial;

WHEREAS, those Stipulated Designations that are, pursuant to the Protective Order, available for public view are annexed hereto as Exhibit B.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, AND UPON APPROVAL BY THE BANKRUPTCY COURT OF THIS STIPULATION, IT IS SO ORDERED AS FOLLOWS:

1. The Stipulated Designations in Exhibit B hereto are admitted into evidence and are made part of the public record herewith

2. The remaining Stipulated Designations (*i.e.*, those listed in Exhibit A hereto that are subject to confidential treatment in accordance with the Protective Order) are also admitted into evidence and shall be filed in accordance with the Protective Order or otherwise in the form and manner agreed between and among the parties and the Court.

3. This Stipulation shall constitute the entire agreement and understanding between Movants and Debtor relating to the subject matter hereof and supersedes all prior agreements and understandings between Movants and Debtor relating to the subject matter hereof.

4. The Court shall retain jurisdiction to resolve any disputes, controversies, or ambiguities arising from this Stipulation.

{Signature page follows}

AGREED AS TO FORM AND SUBSTANCE:

**SHERMAN, SILVERSTEIN,
KOHL, ROSE & PODOLSKY, P.A.**
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Official Committee of Talc Claimants II*

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Dated: February 18, 2022

Dated: February 18, 2022

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Dated: February 18, 2022

Dated: February 18, 2022

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Dated: February 18, 2022

DAVID KAPLAN – FEBRUARY 11, 2022

Movants’ Designation (Kaplan)	Debtor’s Counter Designation	Debtor’s Designation	Movants’ Counter Designation
13:18 - 13:21		160:3-161:12	161:13-163:12
13:23 - 14:4		165:6-166:7 (just A. Not – not specifically)	166:7-167:3
14:7 - 14:13		171:7-172:13	172:14-15
17:2 - 19:8		174:25-176:5	
20:20 - 20:24		177:18-180:19	180:20-21
20:25 - 21:25		180:22-181:6	
22:8 - 23:4	23:5 – 23:19	191:12-192:24	191:6-10
23:20 - 25:20		193:10-193:13	
26:10 - 26:19	26:20 – 27:14	197:23-198:14	198:15-16
27:15 - 28:24		198:17-199:4	199:5-23
30:1 - 30:22	30:23 – 34:15	199:24-200:4	
34:16 - 37:20		203:6-16	
38:24 - 40:25		205:24-206:6	
42:22 - 43:18		208:19-209:23	
44:3 - 44:10	44:11	211:16-213:5	
44:12 - 44:24		214:1-214:9	
45:5 - 45:7		214:24-216:25	
45:13 - 48:3		219:24-220:7	
48:4 - 49:11		248:8-249:23	
51:4 - 51:16			
53:10 - 53:22			
56:24 - 59:24			
59:25 - 60:12	60:13 – 60:25		
61:1 - 62:19			
70:12 - 71:6			
78:23 - 80:21			
82:2 - 82:20	82:21 – 83:5		
83:25 - 84:8			
84:10 - 87:8			
88:18 - 89:1	89:2		
91:11 - 91:16	91:17 – 94:16		
94:17 - 96:5	96:6 – 96:9		
96:10 - 97:2			
98:8 - 98:23			
102:21 - 103:16	105:9 – 106:9		
106:10 - 106:13			
108:17 - 110:24	110:25 – 111:15		
111:16 - 111:19	111:20 – 112:10		
112:12 - 112:19			

Movants' Designation (Kaplan)	Debtor's Counter Designation	Debtor's Designation	Movants' Counter Designation
119:4 - 119:15			
120:16 - 121:8			
121:24 - 122:21	122:22 – 123:2; 124:24 – 125:9; 130:4 – 132:9; 137:13 – 138:25; 144:16 – 146:21; 149:10 – 149:24; 150:7 – 150:18; 150:20 – 151:13; 160:3 – 160:20; 160:21 – 161:12; 162:3 – 163:12; 164:16 – 165:1		
165:20 - 166:16	167:4 – 167:13; 168:3 – 168:6		
169:14 - 170:16	172:1 – 172:13; 174:25 – 176:10; 178:13 – 179:23; 194:3 – 194:13; 197:10 – 198:14; 199:5 – 200:4; 200:5-206:06; 208:19 – 211:15; 211:16 – 211:25; 212:1 – 212:23; 213:9 – 213:25		
214:1 - 214:16	214:17 – 214:23; 216:12 – 217:2; 217:3 – 217:9; 219:24 – 220:7; 224:21 – 225:1; 225:2 – 226:20		
228:2 - 233:25			
234:14 - 234:25			
235:21 - 236:8			
243:14 - 244:20			
246:6 - 247:24	248:8 – 249:23		
251:15 - 252:25	253:1 – 253:8		

JOHN KIM 30(B)(6) – FEBRUARY 1, 2022

Movants’ Designation (Kim – 30(b)(6))	Debtor’s Counter Designation
13:7 - 15:13	
15:16 - 16:16	
21:7 - 23:1	
23:20 - 28:21	
30:9 - 30:18	32:20 – 33:9
33:10 - 35:7	
35:13 - 36:7	36:8 – 36:16
36:23 - 36:24	
37:5 - 37:13	
45:10 - 45:13	
45:15 - 45:18	
45:21 - 46:17	
50:21 - 51:4	
52:25 - 53:10	
58:15 - 58:18	
60:4 - 60:7	
60:21 - 60:25	
61:2 - 61:8	
64:1 - 64:15	
64:18 - 64:23	
68:1 - 69:9	
69:16 - 70:5	70:18 – 71:1
76:1 - 76:15	
77:1 - 77:14	79:13 – 80:6
82:4 - 83:8	
84:5 - 84:19	
88:15 - 88:25	
90:17 - 91:6	
92:6 - 93:3	
94:8 - 94:11	
95:15 - 95:23	
102:24 - 103:10	
105:1 - 106:2	
111:5 - 111:22	
113:24 - 115:20	
116:16 - 116:23	
118:23 - 120:22	
122:17 - 123:4	
125:21 - 126:7	
130:7 - 132:11	
134:21 - 136:1	

Movants' Designation (Kim – 30(b)(6))	Debtor's Counter Designation
138:15 - 139:20	
141:20 - 142:11	
145:10 - 145:19	
149:7 - 149:18	
149:21 - 151:4	
155:19 - 155:23	155:24
155:25 - 156:8	
157:3 - 157:5	157:6 – 157:7
157:8 - 157:13	
158:24 - 158:25	159:1 – 159:7
168:15 - 169:6	
170:17 - 171:9	172:13 – 173:2
178:23 - 179:6	
186:25 - 187:8	
192:16 - 194:17	
194:23 - 196:4	
199:9 - 199:22	
200:9 - 200:25	203:9 – 203:23

KAPLAN, DAVID

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13 :18 Do you understand that last
19 fall, Johnson & Johnson undertook a corporate
20 restructuring that resulted in the creation of
21 a company called "Legacy Talc Litigation?"

KAPLAN, DAVID - 02/11/2022

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13 :23 A. Yes.
24 Q. And do you understand that
25 Johnson & Johnson and Johnson & Johnson's
14 :1 consumer health subsidiaries, Talc
2 Liabilities, were placed into that newly
3 created company, Legacy Talc Litigation?
4 A. Yes.

KAPLAN, DAVID - 02/11/2022

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14 :7 Q. And if I use the shorthand, "LTL,"
8 for Legacy Talc Litigation, do you understand
9 what I'm referring to?
10 A. Yes.
11 Q. And do you understand that LTL filed
12 for bankruptcy?
13 A. Yes.

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17 :2 Q. And have you been the Director of
3 Corporate Ratings Healthcare, at Standard and
4 Poor's, for the last 14 years?
5 A. No. So, my current role is
6 director. And I've been at Standard and
7 Poor's, in the Credit Ratings Department, for
8 14 years. But I've not been director for the
9 full 14 years.
10 Q. And for how long have you been
11 director?
12 A. I don't recall, offhand. But it's
13 a -- a good number of years.
14 Q. Okay. At least three or four years?
15 Is that fair?
16 A. Yes.
17 Q. And what is your role as a Director
18 of Corporate Ratings, Healthcare?
19 A. So, the department that I work in,
20 Corporate Ratings, we establish a grading
21 system, like Triple A, for -- which is an
22 evaluation of credit risk. The risk that a
23 company will go bankrupt.
24 My -- in my role, I focus currently,
25 primarily on pharmaceutical companies, but
18 :1 also, other types of healthcare companies like
2 medical device, or healthcare service
3 companies.

4 And I have a group of more junior
5 analysts who don't report directly to me, but
6 are on my team. Kind of a dotted line. And
7 I'm responsible for their work, and quality
8 control training, et cetera.

9 Q. Got it. Thank you. Do you have
10 responsibility for covering Johnson & Johnson
11 in your role?

12 A. Yes.

13 Q. And for how long have you been
14 covering Johnson & Johnson?

15 A. I think it was since 2019 was when I
16 picked up coverage from a colleague.

17 Q. And does your coverage of
18 Johnson & Johnson include Johnson & Johnson
19 subsidiaries?

20 A. Yes. I mean, I -- well, to clarify,
21 our rating is on the parent, but the -- the
22 activities of the subsidiaries influence the
23 credit rating of the parent.

24 So, if it's related to the
25 creditworthiness of the overall entity, then
19 :1 yes. You know, it gets technical when we
2 think about how we rate different entities
3 within a group.

4 But, generally, they have a single
5 family rating that reflects the comprehensive
6 activities of the entities that are part of
7 the group which is backing the
8 creditworthiness of the parent.

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20 :20 Q. Got it. And in the course of
21 covering Johnson & Johnson as part of your
22 role at Standard and Poor's, do you
23 communicate with people at the company?

24 A. Yes.

25 Q. And who are the principal people
21 :1 that you communicated with from 19 -- 2019 to
2 the present?

3 A. So, we -- we typically try to
4 schedule a meeting annually, that involves a
5 large group of analysts or a group of analysts
6 from my team, Standard and Poor's credit
7 ratings group.

8 May be three to half a dozen, or
9 sometimes more. And on JNJ side, there will
10 also be, kind of a handful of people. Often
11 the treasurer; some people from investor
12 relations. Sometimes the CFO. Sometimes
13 legal folks, if it's -- we have some questions
14 about legal matters.

15 And then, there is kind of an annual
16 thing. And the company will share with us
17 forecasts and other information that maybe
18 sometimes is not shared publicly. So it's
19 kind of confidential information.

20 And then we also kind of maintain a
21 single person who is our primary contact.
22 That was Michelle Ryan, for the last couple
23 years. It's recently switched to
24 Duane Van Arsdale, I believe is the name of

25 the individual, who is the treasurer.

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22 :8 Q. And as the director on that account,
9 if that's the right terminology, were you the
10 principal point of contact with Michelle Ryan,
11 during the period that she was the point
12 person at JNJ?

13 A. I was the primary point person, with
14 the exception of a short period of leave in
15 September and October of 2021. I would say
16 yeah.

17 It's not always the director who's
18 the primary point of contact. Typically,
19 names that are credits that are larger and
20 more complex, are allocated to directors to be
21 the primary analyst.

22 Companies that are smaller and less
23 complicated are often -- associates are the
24 primary point of contact.

25 So it's not -- the role -- the title
23 :1 is not necessarily for that role. But yes, to
2 your original -- I guess to the key question,
3 I am the primary point of contact with the
4 company on JNJ.

5 Q. And how often would you have
6 telephone calls with Michelle Ryan in, let's
7 say, 2020 and 2021?

8 A. So, again, it could vary. If
9 everything is very stable, it could be, you
10 know, just when a company issues debt. So
11 maybe once a year, aside from the annual
12 meeting.

13 In the case of Johnson & Johnson,
14 there were various developments, so it was
15 more frequent. It's hard for me to say
16 whether it was twice a year or four or five
17 times a year. Just don't recall.

18 Q. Somewhere in that range?

19 A. Yes.

20 Q. And when you did have telephone
21 calls with Michelle Ryan, how did you record
22 the substance of those telephone calls?

23 A. If the conversations are
24 substantive, the practice is --

25 MR. STARNER: I may object
24 :1 occasionally. Just give me a moment.

2 Obviously, you can answer the
3 question, if you understand, after that.
4 But if you just give me one second, so --
5 if you don't mind. Thank you.

6 Go ahead.

7 THE WITNESS: Sure.

8 Yeah. Our practice is to take
9 written notes if they are substantive
10 matters that, you know, wouldn't be
11 documented.

12 So, for example, if a company plans
13 on issuing debt, you might just take a
14 few notes. But then, when the issuance
15 is -- when you publish your note,
16 everything is there, so there is nothing
17 really that is meaningful or material,

18 that needs to be recorded.

19 But if there's notes that are
20 meaningful, the practice -- the practice
21 in the organization and the department is
22 to save them into a specific depository
23 for the record.

24 We are a regulated entity. And so,
25 we are required to save the material
25 :1 information we gather, as part of that
2 rating analysis.

3 BY MR. SHAPIRO:

4 Q. And what is the name of that system
5 where you maintain your notes?

6 A. We refer to it as "RDR."

7 Q. RDR. And what does "RDR" stand for?

8 A. Probably something like "rating
9 depository" -- yeah. We use a lot of
10 acronyms.

11 Q. We can call it "RDR." And is -- and
12 is RDR a database of notes that the S&P
13 analyst take to record the conversations that
14 they have with the companies that they cover?

15 MR. STARNER: Objection.

16 You can answer.

17 A. It's a system where those documents
18 are saved. We often use, kind of, the
19 administrative assistants to help file it
20 there. Yes.

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26 :10 Q. Let me ask you the question this
11 way. Do you rely on those notes in the course
12 of developing ratings for the companies that
13 you cover?

14 A. Certainly, those are an input that
15 go into it. And we'll refer back to it.

16 Q. And do you rely on those notes for
17 the purpose of preparing the reports that S&P
18 prepares?

19 A. We could. Certainly, yeah.

20 Q. And -- and in the course of your
21 career at S&P, have you always intended for
22 those notes to be as accurate as possible?

23 A. They are shorthand. But they are
24 supposed to be a reference for -- at least for
25 me, to be able to decipher what I was thinking

26
27 or hearing.

2 I guess that is to say that, they
3 are not edited, or they are usually drafted as
4 the conversation is going.

5 So there is a little bit of a --
6 there is a looseness in the note-taking that's
7 obviously not going to be present in something
8 we would publish, or even something that we
9 would share with a committee, like a -- a
10 package for others to review.

11 They are really not generally
12 reviewed by anyone else. So, you know, if
13 they have a grocery list on the side, that
14 wouldn't be a problem.

15 MR. SHAPIRO: Let me mark as

16 Exhibit 384, a document that's Bates
17 stamped SPG100 -- or "SPGI0001078_001"
18 through "002."

19 And for the videographer, it's tab C
20 in the binder. You can put that on the
21 screen.

22 (Exhibit 384 marked for identification)

23 BY MR. SHAPIRO:

24 Q. Mr. Kaplan, do you have the ability
25 to control the notes? To control the screen
28 :1 to go through it?

2 A. Yes.

3 Q. Okay. Let me know when you've had a
4 chance to review them.

5 [Witness perused document.]

6 A. Okay.

7 Q. Do you recognize these as your
8 notes, Mr. Kaplan?

9 A. I recognize these as mine. This
10 would not be -- these are not notes that were
11 taken during a conversation with the company.

12 This would be notes that I drafted
13 for our conversation with my colleagues to
14 discuss the rating on JNJ, or the outlook on
15 JNJ. In addition to having a rating, we also
16 have an outlook which could be stable,
17 positive or negative.

18 So, this was October of 2020. This
19 was, I guess, an internal conversation we had
20 scheduled to discuss JNJ's rating and some of
21 the developments.

22 Q. Are these notes that you prepared in
23 advance of the internal conversation?

24 A. Yes.

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30 :1 Q. That's okay. And what was the
2 purpose of the meeting?

3 A. So, based on, you know, the
4 contents, there were two legal matters that
5 were facing Johnson & Johnson, that seemed to
6 be -- had reached the point where the
7 liability could be material.

8 And so, we were discussing whether
9 this has, or should have an influence on the
10 rating or the rating outlook.

11 Q. And what was the source of the
12 information that you included in these notes?

13 A. So, it could be conversations we had
14 with the company. It could be information we
15 digested from media sources we viewed as
16 reliable.

17 It could be information that the
18 company had shared publicly with investors, or
19 had put in its SEC filings, like its 10K or
20 10Q.

21 You know, we kind of gathered from
22 multiple sources.

23 Q. Okay. I want to ask you, if we can
24 scroll up. I guess I can't control it. Let
25 me -- let's scroll up to the part that says,
31 :1 "Talc settlements."

2 Do you see the section at the

3 bottom of the page, which is Bates stamped --
4 I guess it's the first page, "001," which
5 says, "Talc settlements?"

6 You're there, Mr. Kaplan? If
7 you scroll down.

8 A. Sure.

9 Q. Do you see that the first sentence
10 says:

11 "Company has capitulated on
12 talc, talcum powder/baby powder litigation
13 settlements in contrast to fiercely litigating
14 that."

15 Do you see that?

16 A. Yes.

17 Q. And is that based on a conversation
18 you had with Michelle Ryan?

19 A. That would have been my -- my view.
20 So the term, "capitulated," in particular, is
21 just a word that came to me. But it's -- this
22 is my interpretation of the events that I'm
23 observing.

24 So, I doubt that the company would
25 have said that to me, specifically. But the
32 :1 company, in my experience, has been -- has
2 taken the strategy -- and I believe
3 Michelle Ryan had mentioned this -- of, you
4 know, of generally being very assertive in
5 litigating claims.

6 Michelle had expressed that J --
7 that the company feels -- Johnson & Johnson
8 feels that they are unfairly challenged by
9 litigation because of their financial
10 strength.

11 And so, their strategy is generally
12 to litigate even things that might be economic
13 to ignore, or just to settle, to avoid
14 nuisance cases.

15 So, it was therefore a change for us
16 to see that they started to reserve some --
17 some amounts on their financial statements as
18 expected losses or exhibited liabilities for
19 talc.

20 So that -- that's what that first
21 sentence refers to. Is that the company has
22 basically shifted in strategy from fighting
23 talc to starting to settle some cases, at
24 least.

25 Q. And the basis for your observation,
33 :1 that the company had begun to settle some of
2 the cases is the fact that, as reflected in
3 your notes, that they had accrued \$350 million
4 in Q2, and \$540 million in Q4?

5 Is that fair?

6 A. I'm not sure if it was -- was it Q4?

7 Q. Q3, sorry.

8 A. But the fact that they had reserved
9 the 350, and expect to reserve another 540.
10 Right. Correct.

11 Q. And what was your understanding of
12 the significance of the fact that the company
13 had reserved \$890 million in Q2 and Q3, for
14 this litigation? What was the significance of
15 that, to your understanding?

16 A. So, you know, we see litigation very
17 often in healthcare. And the overwhelming

18 majority of the time, it ends up not being
19 material -- not end up being a material
20 liability for the company.

21 And so, when we think about credit
22 risk, that's an important observation. But
23 when we see a company take a reserve, it --
24 it's one development that suggests that the
25 liability may be material here.

34 :1 It's not the only way. And it's not
2 a certainty. But that's one development that
3 is suggestive; the liabilities might be
4 material.

5 And so, that is something we try to
6 incorporate in the credit -- in the thinking
7 around the credit risk is -- well, it looks
8 like now the company is going to take some
9 degree of liability.

10 Q. And did you understand, or do you
11 understand, that when a company takes a
12 reserve, the company is making a judgment that
13 the liability is probable and estimable?

14 A. Yes. Based on the SEC or GAP
15 definitions. Correct. Yeah.

16 Q. And then, let me ask you about the
17 third bullet point that refers to the 25,000
18 talc cases. Do you see that?

19 A. Uh-huh. Yes.

20 Q. In that bullet point, it says that:

21 "The company estimates that the
22 liability could reach as much as \$7 billion to
23 \$7.5 billion, inclusive of all future cases."

24 Do you see that?

25 A. Yes.

35 :1 Q. And when you refer to the company in
2 that bullet point, who are you referring to in
3 particular, as the source of that information?

4 MR. STARNER: Objection.

5 You can answer.

6 A. That would be our -- that would be
7 from conversation we had with the company.

8 Q. Okay.

9 A. Most likely, Michelle Ryan.

10 Q. And what did you understand was the
11 significance of that estimate, that the
12 liability could reach as much as \$7 billion to
13 \$7.5 billion, inclusive of all future cases?

14 What did that mean?

15 MR. STARNER: Objection.

16 Q. Or what did you understand, based on
17 your conversation?

18 A. It sounds -- well, I don't recall.

19 But based on my reading of my notes, as I
20 would have written them, I think what I was
21 trying to communicate here to my colleagues
22 was that we had a conversation with
23 Johnson & Johnson. And, you know, although --
24 excuse me.

25 Although, you know, the company --
36 :1 you know, there's a lot of uncertainty from
2 the benefit of -- for the purposes of our
3 credit risk, it's important to understand what
4 the -- you know, maximum liability could be.

5 And I think what we gathered from
6 the company is that -- and maybe based on some
7 of the math in the two bullet points above,

8 the company is estimating that its liability
9 will be -- could be as much as \$7.75
10 billion -- \$7 billion to \$7.5 billion.

11 Which is, again, helpful for us to
12 think about it, you know, in the context of
13 Johnson & Johnson. The company generates, you
14 know, \$30 billion of EBITDA.

15 As a worst case scenario, you know,
16 what's -- what's the worst case scenario. So
17 even if it's not probable, but at least to
18 have some numbers around it can be very
19 helpful for us.

20 You know, I know the media had some
21 speculation with numbers that were higher than
22 that. So being able to say, you know, media
23 numbers are, you know, just, completely -- you
24 know, meaning when some of my colleagues will
25 sometimes see stuff in the media, and then,
37 :1 you know, send me a link or an article.

2 You know, hearing from the company
3 that they feel that the maximum is \$7 billion
4 to \$7.5 billion is reassuring in a sense,
5 relative to, maybe something that we read in
6 the media that said the liabilities could be
7 much more than that.

8 So it's helpful, even if it's not --
9 it doesn't become our base case expectation.

10 Q. And let me ask you to take a look at
11 your next bullet point at the top of the next
12 page. Do you see where it says:

13 "The company expects payment
14 would be \$2.5 billion per year, in each of the
15 next three years."

16 A. Yes.

17 Q. And is that also based on your
18 conversation with Michelle Ryan?

19 A. Yes. That's what -- that's what the
20 notes indicate.

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38 :24 Q. And let me just ask you a couple of
25 more questions about these notes. You were
39 :1 explaining this at the beginning. These are
2 notes that you prepared in advance of your
3 internal meeting with other analysts at S&P?

4 A. Yes.

5 Q. And those -- this -- this type of
6 internal note is something that you regularly
7 prepared in advance of internal meetings like
8 that?

9 MR. STARNER: Objection.

10 A. So, we have two types of internal
11 conversations. There is a more formal one,
12 which is when we kind of formally gather a
13 committee. There's various formalities and
14 processes around that.

15 The internal conversation is kind of
16 a less formal. So it's typically for
17 developments that are where we don't expect
18 there to be a change in the rating, but we
19 just want to run it by our colleagues to make
20 sure they feel similarly.

21 Or in a company that, you know, is

25 A: The board was given all the underlying
34 :1 information about it.
2 Q: I know.
3 Do you know why -- do you know why the
4 board wasn't just given the number?
5 A: I think it was unnecessary for the board's
6 determination. Again, what's in the reserve is not --
7 again, it's probable and estimable. But the information
8 we gave the board was far more than what the reserve
9 number is.
10 So, you know, again, the information given
11 to the board encompassed all that, but --
12 Q: But the -- I apologize. I don't mean to step
13 on your words.
14 A: The information given to the board encompassed
15 all the information that would go into setting the
16 reserve plus more, plus advice of counsel.
17 So, again, the underlying information
18 about the reserves -- about how reserves are set or the
19 basis of the reserves was given to the board. It just
20 wasn't told to the board that this was the reserve.
21 Q: And the difference between what was given to
22 the board, those are facts that reflect the actual cost
23 and the number of cases and the actual settlements,
24 correct?
25 A: Plus the board was told what was expected, what
35 :1 we could expect. So the future was -- the future of the
2 litigation was discussed at length with the board.
3 So it's not just -- again, all the
4 information that goes into calculating reserve was given
5 to the board. We just did not give the board the
6 reserve number that was in the books because we thought
7 we were giving the board more information than that.

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35 :13 Q: Has LTL or anyone acting on its behalf prepared
14 any draft Chapter 11 plan of reorganization?
15 A: It has not.
16 Q: Has anyone -- withdrawn.
17 Has LTL or anyone acting on its behalf
18 created any projections of future financial performance
19 of a post-reorganized LTL?
20 A: We have not at this point done that.
21 Q: Has LTL or anybody acting on its behalf
22 prepared any type of feasibility analysis with respect
23 to any contemplated Chapter 11 reorganization plan?
24 A: Not a written feasibility analysis. We believe
25 that a plan is feasible and that we hope to develop one.
36 :1 Q: Okay. Anything other than your hopes that the
2 debtor has undertaken to try to determine whether
3 there's a feasible plan of reorganization?
4 A: Well, based upon discussion with counsel -- so
5 it's not only our hopes, it's, you know, based upon
6 discussions, we believe that there's a plan that's
7 feasible, yes.
8 Q: Okay. But no feasibility analysis has been
9 undertaken, correct?
10 A: So I'm not sure what you mean by feasibility
11 analysis. There's no -- we don't have a written
12 document that goes -- titled Feasibility Analysis. But
13 we have had discussions, and we believe that based upon
14 the experience and expertise of our bankruptcy counsel
15 and the facts of the case, we believe that a Chapter 11

16 plan will be feasible.

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36 :23 Q: Okay. Does LTL have any secured creditors?
24 A: I do not believe it does.

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37 :5 Q: Okay. As the corporate representative, are you
6 aware of any secured debt that the debtor needs to
7 address or resolve within the bankruptcy?
8 A: I do not. I am not aware of any.
9 Q: Are you aware of any asset that LTL owns that
10 is subject to a lien or security interest of any kind?
11 A: I do not believe that there are any, no.
12 Q: Okay. Does LTL have any trade creditors?
13 A: I do not believe it does.

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45 :10 Other than contracts that concern claims
11 based on talc and intercompany agreements, is LTL party
12 to any other contract that you're aware of?
13 A: I am not aware of any.

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45 :15 LTL has no employees, correct?
16 MS. BROWN: Objection, foundation.
17 A: LTL's employees that have been seconded to it
18 from Johnson & Johnson Services, Inc.

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45 :21 Are you aware of any tax claims that have
22 been asserted against LTL?
23 A: I am not aware of any claims asserted.
24 Q: Okay. We talked yesterday -- not we, but other
25 lawyers and yourself spent some time on the funding
46 :1 agreement. Do you remember that?
2 A: I do recall that, yes.
3 Q: Okay. Does LTL have any reason to believe that
4 Johnson & Johnson and JJCI will not honor its
5 obligations under the funding agreement?
6 A: It has no reason to believe that Johnson &
7 Johnson and JJCI will not honor the terms of the funding
8 agreement.
9 Q: In fact, LTL expects Johnson & Johnson and JJCI
10 to honor their obligations under the funding agreement,
11 correct?
12 A: LTL does and has already undertaken -- gotten
13 funds from the funding agreement.
14 Q: Okay. Does LTL have any reason to believe that
15 Johnson & Johnson or JJCI will be unable to fulfill
16 their obligations under the funding agreement?